

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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COUNTRY East Germany

REPORT

SUBJECT Production and Excessive
Stocks in HV RFT

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Underfulfillment of the 1954 Production Plan

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1. During 1954, all enterprises under the Main Administration for Radio and Telecommunications Technology (HV RFT) of the East German Ministry for Machine Construction fulfilled the production plan (Warengerzeugung) only by 75.9 percent. This figure was made known to all department heads of the Main Administration on 31 January 1955 in a conference called by Schmidt (fmu), the head of the Main Administration. Officials of the Ministry of Finance and of the Deutsche Notenbank were also present.
2. It was also stated on this occasion that the 4.1 percent by which actual production lagged behind the plan was equivalent to 40.057 million DME.

Exploitation of Production Capacity

3. As of 1 February 1955, the production capacity of all enterprises under HV RFT was being exploited at a rate of between 69 and 74 percent. The lowest rate of exploitation was that of VEB Fernmeldewerk Arnstadt - 34.5 percent.
4. The figures quoted above were made known by Schmidt at a session of the directorate (Leitungssitzung) on 2 February 1955. On this occasion, Schmidt stated that the following were the two main reasons for the situation:
 - a. Difficulties in the procurement of materials.
 - b. Insufficient demand for the first quarter of 1955.
5. As for the last reason, Schmidt specified that the insufficient demand was in part caused by the bad technical quality of the products. Some of them so he said, had "museum value" (Museumwert).

Stocks in Excess of the Plan

6. On 31 December 1954, all the plan (Ueberplanbesta. broken down as follows:

had stocks in excess of million DME. They were

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Material surplus	19.240 million DME
Surplus of unfinished products	15.073 million DME
Surplus of finished products	3.744 million DME

7. VEB Messgeraetewerk Zwenitz had the biggest share of surplus. - 8.469 million DME.
8. In a production analysis of the Main Administration issued to its department heads on 1 February 1955, it was stated that the main reasons for the surplus, were in the order named, lack of demand for the first quarter of 1955, difficulties in the procurement of special materials and "insufficient technology" (i.e. bad quality of the finished products).
9. In early February 1955, HV RFT started to work out a special plan (Massnahmenplan) to avoid the accumulation of surplus stocks during 1955 and to dispose of the surplus accumulated during 1954.

1. Comment. Schmidt, former deputy of HV RFT, was appointed temporary head of the Main Administration when Adolf Hegemann was discharged.

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